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March 4, 1998

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

The Honorable William E. Kennard
Chairman
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dear Chairman Kennard:

Thank you for your letter of February 26, 1998. Sprint appreciates the opportunity to correct the record concerning access and universal service costs and Sprint's long distance pricing.

First, the premise of cost reductions is wrong. There were no access and universal services cost reductions on January 1, 1998. On the contrary, Sprint estimates that its interstate access costs and USF costs, taken together, rose by some \$28 million on January 1, 1998, as compared with July 1, 1997 levels. Estimates are being used because Sprint has not received detailed, auditable Primary Interexchange Carrier Charges (PICC) bills from the LECs.

We believe that the long distance industry faced overall increases in access charges and universal service of some \$316 million on January 1, 1998. This estimate is based on corrections to data supplied by USTA in letters dated February 11, 1998 (from Mr. Neel), and February 20, 1998 (from Ms. McDermott). See Attachment 1.

Second, when viewed in context, long distance prices continue to drop significantly. As the Common Carrier Bureau's Industry Analysis Division recently reported, between 1992 and 1996, long distance billed revenue per minute dropped by 2.9 cents per minute, while access costs during this same period fell by only 1.2 cents.

Attachment 2 shows Sprint's experience between 1995 and 1997. Sprint's revenues per minute fell more than twice the drop in access

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costs. In 1997, Sprint customers got some \$500 million in price reductions over and above access reductions.

In anticipation of access reform, Sprint bombarded the marketplace with promotions and new product offerings throughout 1997 and has continued to do so into 1998.¹ A list of these promotions and products can be found in Attachment 3. As a result of these new offerings, Sprint revenues per minute continue to fall. This decline has far outstripped the changes in access costs that Sprint has incurred to date, even when expected revenues from Sprint's Presubscribed Line Charge ("PLC") - the charge that it uses to recover PICC costs - and its Carrier Universal Service Charge ("CUSC") - its charge designed to recover Universal Service Fund costs - are taken into account. Specifically, while Sprint's combined access and USF costs are expected to decline by approximately a quarter of a cent between the first quarter of 1997 and the first quarter of 1998, average revenue per minute for those same periods (including the effect of Sprint's new PLC and CUSC) will fall by as much as twice that amount. Thus, the short answer as to why Sprint did not "simultaneously" reduce usage rates when it instituted its PLC and CUSC is that, in reality, it had already done so.

Sprint's new PLC and CUSC charges were not designed as rate increases, but as necessary structural changes to reflect a change in the way costs are imposed on Sprint. The new fixed monthly PICC charges will change fundamentally the way Sprint incurs access charges. For example, a significant number of Sprint's presubscribed customers in any month make few if any calls or use dial-around carriers. Sprint's PLC charge is the only way to recover this new access cost relating to such customers.

Similarly, the significant expansion of universal service funding, with the promise of even greater expansion in the future, makes it important for Sprint to differentiate this item of expense. In addition to direct contributions to USF, the long distance industry bears an additional \$830.2 million, or 96.4 percent, of the USF contributions made by the LECs, which the Commission permitted the LECs to pass onto long distance carriers through access charge increases. Directly or indirectly, the long distance industry is being forced to absorb 90 percent of total USF costs. Whether this outcome can be reconciled with the statutory requirement for a nondiscriminatory and competitively neutral USF is the subject of pending appeals. Nevertheless, if the Commission wishes to use long distance carriers to fund programs that are deemed to be in the

¹ Forward pricing, i.e., reducing prices now based on anticipated cost reductions, is customary in a competitive market.

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public interest, we need to be able to pass those charges directly to customers in an open and fair manner.²

Finally, your letter references and relies on information provided by USTA. USTA is funded principally by the RBOCs and, as such, promotes the RBOC agenda for long distance authority. That agenda is the two big lies -- that local telephone service is competitive and long distance is not. Well, if local telephone service is competitive (i.e., conditions are such that entrants have a reasonable prospect of making a return on their investments), why aren't RBOCs entering each others' markets on a large scale? Why aren't local rates going down? Why don't the RBOCs have seven pages of rate reductions, retention programs and promotions similar to Sprint's Attachment 3? And if long distance is not competitive, why, as shown herein, are per minute yields plummeting?

Sincerely,

A handwritten signature in black ink, reading "J. Richard Devlin". The signature is fluid and cursive, with the first name "J." and last name "Devlin" clearly legible.

J. Richard Devlin

² Sprint's notifications to customers concerning PICC and Universal Service charges were not misleading. See Attachments 4 and 5.



Attachment 1

Reconciliation of Jan. 1, 1998 Access Reductions Sprint and USTA

USTA Total Reported IXC Increased Costs	\$ 70,000,000
Sprint Estimated IXC Increased Costs	\$ 316,157,513
Difference	<u>\$ (246,157,513)</u>
USF Differences *	\$ 189,814,240
GTE Direct Case Order **	\$ 56,220,684
Total	<u>\$ 246,034,924</u>
Variance	<u>\$ (122,589)</u>

* The USF Difference:

FCC USF Revenue Category	Total Revenues (End Users)	Interstate & International (End Users)
IXC	\$ 35,697,962	\$ 26,654,989
Operator Services	\$ 226,778	\$ 129,416
Other Toll	\$ 94,372	\$ 58,267
Prepaid Calling Cards	\$ 54,617	\$ 41,366
Toll Resellers	\$ 3,165,522	\$ 1,948,541
Total IXC End User Revenue	\$ 39,239,251	\$ 28,832,579
Total FCC Reported End User Revenue	92,156,436	35,314,379
Sprint Calculated IXC % of Fund	42.58%	81.65%
USTA Calculated IXC % of Fund	38.74%	75.48%

In calculating USF costs for the IXCs, USTA used only facilities-based IXC revenue, excluding prepaid card providers, toll resellers, operator service providers and other toll. Including the USF obligations of all IXCs results in a direct burden of \$2401.8 Million rather than the \$2211.9 Million estimate provided by USTA, a difference of \$189.8 Million. The \$2401.8 Million is calculated by multiplying the corrected IXC percentages (shown above) by the USTA provided USF revenue requirement estimate of \$1350 for Schools and Libraries and \$2237.7 for High Cost and Lifeline.

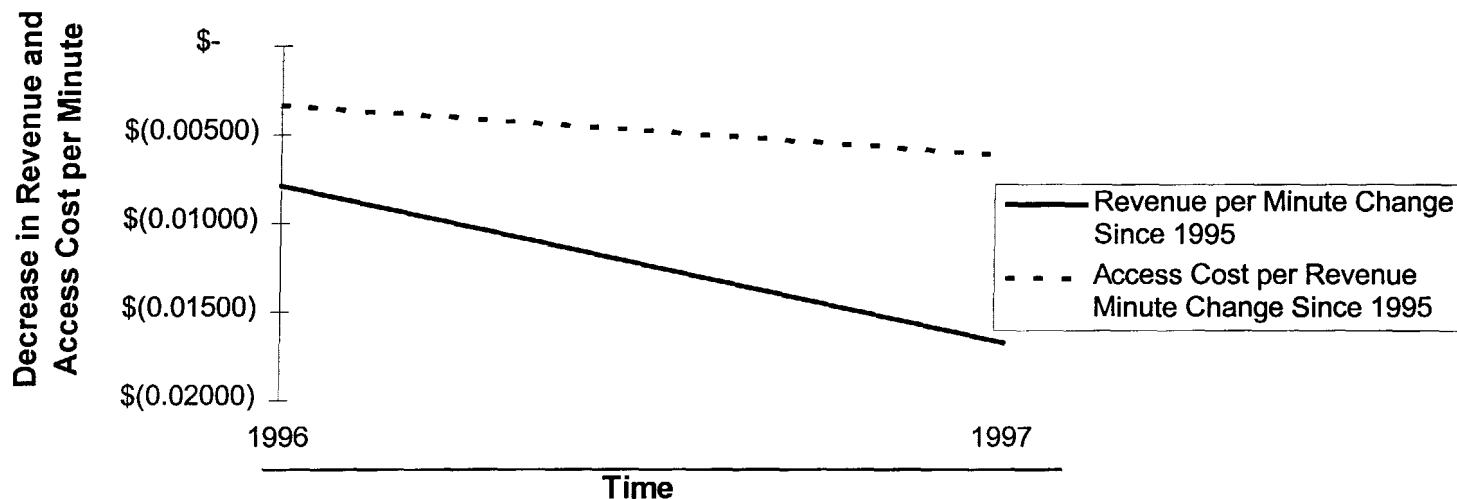
** GTE Direct Case Order was ordered as a restatement of GTE's July 1, 1997 filing.

We have included this as a part of the reduction the FCC gave before the Jan. 1, 1998 filings that lowered access an additional \$200 million to increase the July 1, 1997 filing to \$1.7 billion in total access reductions.



Attachment 2

Decrease in Sprint Revenue and Access Cost per Minute Since 1995



This graph shows the change in Sprint's average annual domestic revenue per minute compared to the change in Sprint's switched access cost per revenue minute using 1995 as the base. Revenue per minute was calculated by dividing total minute-driven revenues by total billed revenue minutes. Access cost per revenue minute was calculated by relating the number of switched access minutes to billed revenue minutes to account for both originating and terminating access charges times Sprint's average access cost per access minute.

Sprint's revenue per minute has declined significantly more than the access cost per revenue minute because Sprint has passed access savings along to customers and has reduced prices to remain competitive.

Sprint would be willing to provide specific revenue and cost data if that competitively sensitive data could be accorded confidential treatment.



Attachment 3

Sprint Service/Promotions introduced 1/1/97 - 3/1/98

Effective Date	Group	Service/Promotion Name
1/1/97	RES	Domestic Winback Promotion
1/1/97	BUS	Business Sense Credit Promotion #8
1/8/97	RES	Sprint Sense Asian International Calling Plan Promotion #37
1/8/97	RES	Sprint Sense Asian International Calling Plan Promotion #38
1/15/97	RES	International Acquisition Promotion
1/15/97	BUS	Business Sense Credit Promotion #9
1/15/97	BUS	Toll Free Six Month Risk Free Satisfaction Guarantee
1/15/97	RES	Sam's Club/Sprint Prepaid Card Service
1/15/97	RES	VisaPhoneOptional Calling Card Plan
1/24/97	RES	Sprint Sense Asian International Calling Plan Promotion #39
2/1/97	RES/BUS	INMARSAT Mini-M Service
2/1/97	RES	Sprint PCS Credit Offer #1
2/1/97	RES	Sprint PCS Credit Offer #2
2/1/97	BUS	Business Sense Credit Promotion
2/8/97	RES	Domestic Winback Promotion
2/8/97	RES	International Acquisition Promotion
2/8/97	RES	Sprint Sense International Calling Plan 100 Free Minutes Promotion
2/12/97	RES	Sprint Sense Asian International Calling Plan Promotion #40
2/14/97	RES	Discounted Calling to India Promotion
2/14/97	RES	30 Free Minutes to India Promotion
2/14/97	RES	Interstate 100 Free Minutes Promotion
2/14/97	BUS	International Savings Promotion II
2/14/97	BUS	Business Sense Voucher Promotion
2/14/97	BUS	Business Sense Voucher Promotion #2
2/14/97	BUS	Business Sense Voucher Promotion #3
2/15/97	BUS	Business Sense \$4,000 Monthly Minimum Commitment Level
2/21/97	RES	Sprint Sense General International Calling Plan 100 Free Minutes Promotion
2/21/97	RES	Sprint Sense Asian International Calling Plan Promotion
3/1/97	RES	Sprint Sense Asian International Calling Plan Promotion
3/1/97	RES	Domestic Winback Promotion



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Sprint Service/Promotions introduced 1/1/97 - 3/1/98

Effective Date	Group	Service/Promotion Name
3/1/97	BUS	Sprint Credit Promotion
3/1/97	BUS	Frame Relay Volume Promotion
3/8/97	RES	Sprint PCS Credit Offer #1
3/8/97	RES	Sprint PCS Credit Offer #2
3/10/97	RES	Sprint Sense Free Minutes Promotion
3/15/97	BUS	Business Sense Market Trial Promotion #5
3/15/97	BUS	Business Sense Market Trial Promotion #6
3/15/97	BUS	Business Sense Market Trial Promotion #7
3/15/97	RES	Sprint Sense Asian International Calling Plan Promotion #41
3/21/97	RES	Sprint Sense Asian International Calling Plan Promotion #42
3/27/97	RES	Sprint Sense "3 Hours Free" Promotion
4/1/97	RES	Sprint Sense Asian International Calling Plan Promotion #43
4/1/97	RES	Promotional Rates to United Kingdom Promotion
4/3/97	RES	Sprint Sense Asian International Calling Plan Promotion
4/28/97	BUS	Business Sense PCS Interstate Promotion
5/1/97	BUS	Business Sense International Promotion
5/1/97	BUS	Business Caller's Plus Rewards and Benefits Program
5/1/97	RES	Sprint PCS Credit Offer #3
5/1/97	RES	Sprint PCS Credit Promotion #4
5/1/97	RES	Sprint Sense II International Calling Plan 15% Discount Promotion
5/1/97	RES	Sprint Sense II International Calling Plan 20% Discount Promotion
5/1/97	RES	Sprint Sense II International Calling Plan 25% Discount Promotion
5/1/97	RES	Sprint Sense Residential Toll Free Minutes Promotion
5/1/97	BUS	FONVIEW Credit Promotion
5/3/97	RES	Sprint Sense II International Calling Plan 20% Discount Promotion
5/3/97	RES	Sprint Sense II International Calling Plan 25% Discount Promotion
5/6/97	RES	Sprint Sense Asian International Calling Plan Promotion #44
5/6/97	BUS	FONVIEW Credit Promotion
5/9/97	RES	Sprint Sense II International Calling Plan 20% Discount Promotion
5/9/97	RES	Sprint Sense II International Calling Promotion



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Sprint Service/Promotions introduced 1/1/97 - 3/1/98

Effective Date	Group	Service/Promotion Name
5/9/97	RES	Sprint Sense II International Calling Promotion
5/9/97	BUS	Business Sense International Promotion
5/10/97	RES	Spree Two For One Calling Promotion
5/17/97	RES	Sprint Sense II International Calling Promotion
6/1/97	BUS	Sprint Conference Line Free Month Promotion
6/1/97	RES	Domestic Flat Rate Promotion
6/1/97	RES	Sprint Sense II International Discount Promotion
6/1/97	RES	Sprint Sense MRC Waiver promotion
6/1/97	RES	Sprint Sense 120 Free Minutes
6/11/97	BUS	Business Sense Flat Rate Promotion
6/23/97	RES	Sprint Sense Asia/Canada/Pacific Calling Promotion
7/8/97	RES	Surcharge Waiver Promotion
7/11/97	RES	Discounted International Calling Promotion
7/11/97	RES	Sprint Sense Asian International Calling Plan Promotion
7/15/97	RES	Free 10 Minute NFL Collectors Prepaid Card
7/15/97	BUS	Business Sense Interstate Flat Rate Promotion
7/22/97	RES	Sprint Sense MRC Waiver promotion
7/25/97	RES	Discounted Calling to Dominican Republic promotion
8/1/97	RES	Sprint Complementary Calling Card Agreements
8/1/97	RES	Standalone FONCARD With Cash Back Retention Plan
8/1/97	RES	Standalone FONCARD Without Cash Back Retention Plan
8/1/97	RES	Interstate Sprint Sense II FONCARD With Cash Back Retention Plan
8/1/97	RES	Residential Toll Free Minutes Promotion
8/1/97	RES	Residential Toll Free MRC Waiver Promotion
8/1/97	RES	Test Market Promotion #1 for Sprint Sense Discounted Calling to Mexico
8/1/97	RES	Test Market Promotion #2 for Sprint Sense Discounted Calling to Mexico
8/1/97	RES	Test Market Promotion #3 for Sprint Sense Discounted Calling to Mexico
8/1/97	RES	Test Market Promotion #4 for Sprint Sense Discounted Calling to Mexico
8/15/97	RES	Sprint Sense International India/Pakistan Calling Promotion
8/15/97	RES	Sprint Sense Asia Calling Promotion



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Sprint Service/Promotions introduced 1/1/97 - 3/1/98

Effective Date	Group	Service/Promotion Name
8/23/97	RES	Sprint Sense Asian International Calling Promotion
8/23/97	RES	Sprint Winback International Calling Promotion
8/23/97	RES	Sprint Winback \$30.00 Credit Promotion
8/23/97	RES	Sprint Winback \$50.00 Credit Promotion
9/1/97	RES	Sprint Sense College Plan FONCARD
9/1/97	RES	Sprint Sense College Plan Standalone Option 2 FONCARD
9/1/97	RES	Sprint Sense Free and Clear Promotion
9/1/97	RES	Domestic Winback Promotion
9/1/97	RES	Sprint Sense Credit Promotion
9/2/97	BUS	Frame Relay Free Month Credit Promotion
9/5/97	RES	Toll Free ("One Dime") Promotion
9/15/97	BUS	Real Solutions Option A International Promotion
9/15/97	BUS	Business Sense International Promotion
9/15/97	RES	Sprint International Market Test Promotion #1
9/15/97	RES	Sprint International Market Test Promotion #2
9/15/97	RES	Sprint International Market Test Promotion #3
9/15/97	RES	Sprint International Market Test Promotion #4
9/15/97	RES	Frequent Flyer Promotion
9/15/97	BUS	Real Solutions Option A International Promotion #2
9/15/97	BUS	Business Sense International Promotion #2
9/27/97	RES	Sprint Sense II International Calling to Canada Promotion #1
9/27/97	RES	Sprint Sense II International Calling to Canada Promotion #2
9/29/97	RES	Sprint Sense AnyTime Test Market Promotion
9/29/97	RES	Sprint Sense Flat Fee - \$20 Market Test
9/29/97	RES	Sprint Sense Flat Fee - \$40 Market Test
9/29/97	RES	Buck-A-Call Test Market Promotion
10/1/97	RES	Sprint International Canada Flat Fee - \$30 Market Test Service
10/6/97	RES	Sprint Sense II International Calling to India Promotion
10/6/97	RES	Sprint Sense II International Calling to India Promotion
10/6/97	RES	Sprint Sense II International Calling to Pakistan Promotion



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Sprint Service/Promotions introduced 1/1/97 - 3/1/98

Effective Date	Group	Service/Promotion Name
10/6/97	RES	Sprint Sense II International Calling to Pakistan Promotion
10/10/97	RES	Sprint Sense II International Calling Promotion
10/10/97	RES	Sprint Sense International Asian Calling Plan Promotion
10/15/97	BUS	Real Solutions Option A \$25,000 Minimum Monthly Commitment
10/15/97	RES	Sprint International Mexico Flat Fee - \$30 Market Test Service
10/15/97	RES	Sprint International Canada Flat Fee - \$60 Market Test Service
10/15/97	RES	Sprint International Favored Nation, Option 1 Market Test Service
10/15/97	RES	Sprint International Favored Nation, Option 2 Market Test Service
10/15/97	RES	Sprint Prepaid Card Promotion
10/15/97	RES	Sprint Sense II International Calling to Russia/Tajikistan and Uzbekistan
10/15/97	RES	Sprint Sense II International Calling to Mexico Promotion
10/15/97	RES	Sprint PCS Credit Promotion
10/15/97	BUS	Toll Free Six Month Risk Free Satisfaction Guarantee
10/15/97	BUS	Business Sense 100 Free Minutes Promotion #1
10/15/97	BUS	Business Sense 100 Free Minutes Promotion #2
11/1/97	RES	Spree Card Test Promotion #1
11/1/97	RES	Spree Card Test Promotion #2
11/1/97	RES	Sprint International Mexico Flat Fee - \$54 Market Test Service
11/1/97	RES	Sprint International Philippines Flat Fee - \$100 Market Test Service
11/1/97	RES	Sprint Sense Home Office - \$70 Market Test Service
11/1/97	RES	Sprint Sense Home Office - \$100 Market Test Service
11/1/97	RES	10% Credit Test Market Promotion
11/1/97	RES	Sprint Winback \$50.00 Credit Promotion
11/1/97	RES	Sprint Sense Free Minutes Promotion
11/1/97	RES	Domestic Winback Promotion
11/15/97	RES	Sprint Sense II International Calling to Canada Promotion #2
11/15/97	RES	Sprint Sense II International Calling to Canada Promotion #1
11/18/97	RES	Radio Shack Discount or Credit Promotion
11/22/97	RES	Discounted Sprint International Access Calling Promotion
11/22/97	RES	Automated Inbound Collect Calling Promotion



Attachment 3

Sprint Service/Promotions introduced 1/1/97 - 3/1/98

Effective Date	Group	Service/Promotion Name
11/22/97	RES	Discounted Dial-1 Calling to Cuba Promotion
11/24/97	RES	Hawaii Prepaid Card Promotion
12/1/97	RES	Sprint Sense II International Calling to Canada Promotion #3
12/1/97	RES	Sprint Sense II International Calling to Canada Promotion #4
12/1/97	BUS	Business Sense Credit Promotion #10
12/1/97	BUS	Business Sense Credit Promotion #11
12/1/97	BUS	Business Sense Interstate Flat Rate Promotion #2
12/1/97	BUS	Business Sense Interstate Flat Rate Promotion #3
12/1/97	BUS	Business Sense Interstate Flat Rate Promotion #4
12/1/97	BUS	Business Sense Interstate Flat Rate Promotion #5
12/5/97	RES	Toll Free ("One Dime") operator service
12/9/97	RES	Sprint Sense AnyTime Test Market Promotion
12/9/97	RES	Sprint International Calling Promotion
12/9/97	RES	Sprint Sense International Asian Calling Plan Promotion
12/19/97	BUS	Business Sense International Promotion III
12/26/97	RES	NFL Collectors Player Card Promotion #1
12/26/97	RES	NFL Collectors Player Card Promotion #2
1/1/98	RES	Sprint Sense AnyTime service
1/1/98	RES	Sprint Sense International Weekend Savings Plan service
1/1/98	RES	Collegiate Card - Option CHC Market Test Service
1/1/98	RES	Sprint Sense Credit and Gift Certificate Promotion
1/1/98	RES	Sprint Sense International Weekend Savings Plan Promotion
1/1/98	RES	Sprint Sense International Asian Calling Plan Promotion
1/1/98	RES	Sprint International MRC Waiver Promotion
1/1/98	RES	Sprint International 100 Free Minutes Credit Promotion
1/1/98	RES	Sprint Sense Gift Certificate Promotion
1/1/98	RES	Sprint International Discounted Interstate Calling Promotion
1/1/98	RES	Sprint International Discounted Interstate Calling & MRC Waiver Promotion
1/1/98	RES	Sprint International 20% Discount Promotion
1/1/98	RES	Sprint International Discounted Interstate Calling Promotion



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Sprint Service/Promotions introduced 1/1/97 - 3/1/98

Effective Date	Group	Service/Promotion Name
1/1/98	RES	Sprint International 20% Discounted Calling and MRC Waiver Promotion
1/1/98	BUS	Business Sense International Promotion
1/1/98	BUS	Real Solutions Option A International Promotion #2
1/9/98	RES	Sprint International 20% Discount Promotion
1/9/98	RES	Sprint International 30% Discount Promotion
1/9/98	RES	Sprint PCS Credit Offer #5
1/9/98	RES	Sprint PCS Credit Promotion #6
1/9/98	RES	Sprint PCS Credit Promotion #7
1/9/98	RES	Sprint \$25.00 Gift Certificate Promotion
1/9/98	RES	Sprint \$5.00 Credit Offer
1/9/98	RES	Sprint International 20% Off International Calling Promotion
1/15/98	RES	Sprint Sense Home Office - \$45 Market Test
1/15/98	BUS	Sprint Credit Promotion
1/17/98	RES	Discounted Calling to Russia, Tajikistan and Uzbekistan promotion
1/17/98	RES	Discounted Calling to Russia, Tajikistan and Uzbekistan promotion #2
1/19/98	RES	Discounted Calling to Canada Promotion
2/14/98	RES	Sprint Sense 200 Minutes Promotion
2/14/98	RES	Sprint Sense \$20.00 Credit Promotion
2/16/98	RES	Sprint International Calling Promotion
2/17/98	RES	Discounted Calling to India promotion
2/21/98	RES	Spree Card Test Market Promotion #2
2/21/98	RES	\$17.00 Check Promotion
2/21/98	RES	Sprint Sense II International Calling Promotion
2/21/98	RES	Sprint Collegiate Card - Option CFC Promotion
2/28/98	BUS	ISDN PRI Install Waiver Promotion
2/28/98	BUS	ISDN PRI MRC Discount Promotion #1
2/28/98	BUS	ISDN PRI MRC Discount Promotion #2
3/1/98	RES	Sprint Sense Home Office Service
3/1/98	RES	LEC Calling Card Promotion
3/1/98	BUS	Callers Plus Rewards and Benefits Promotion



Attachment 4

At Sprint, we're committed to keeping you informed about industry-wide issues that will affect your Sprint account. Recent Federal Communications Commission orders change the structure of charges that long-distance carriers pay to local telephone companies for access to their networks. As a result, Sprint will initiate a new charge on your invoice.

The *Presubscribed Line Charge* is intended to pass on a new charge that Sprint must pay to your local telephone company for network access. The fee will be 80 cents for each Sprint residential account. This charge will apply each month regardless of long-distance usage. An additional charge may apply in some states.

You will see this charge on your March invoice, which covers your February usage. If your Sprint long distance is billed on your local telephone company's invoice, this charge will be shown as a *Regulatory Related Charge*. If you receive a Sprint invoice, the charge will be specifically listed as *Presubscribed Line Charge*. In months when Customer long-distance usage is zero (0), the charge may be rolled to the next month that usage occurs. Billing will occur every three months at a minimum.

All long-distance companies will incur these access costs. Sprint has chosen to present this charge in a clear and straightforward manner. Rest assured you will continue to receive the same quality of service that you expect from Sprint.





Attachment 5

Important! New charges will affect your Sprint account.

Helping customers stay informed of changes in the telecommunications industry, and the impact those changes may have on your business, is important to Sprint. That's why we are sending this letter to explain two new charges* that will appear as separate line items on your monthly Sprint bill beginning with your February 1998 statement.

As you may have read, recent FCC decisions have changed the way long distance carriers are charged for access to local networks, and have also increased the long distance carriers' contributions to the Universal Service Fund. These changes are industry-wide, and although each long distance carrier may handle the new charges differently, Sprint will be covering these costs as follows:

Carrier Universal Service Charge** — For many years, the FCC has required long distance carriers to contribute to the Universal Service Fund to assist with the cost of providing basic telephone service to rural communities and low-income users. Now, this contribution has been expanded to help schools, libraries and eligible health care facilities in obtaining leading-edge telecom services. Sprint's Carrier Universal Service Charge is intended to cover the cost of our contribution; it will be 4.9% of your net monthly interstate and international long distance usage and other charges for interstate and international services.

Presubscribed Line Charge† — The FCC has initiated a new per-line charge that long distance carriers must pay to local phone companies for access to their local networks. In other words, Sprint must pay your local carrier a fee for every line you have subscribed to Sprint® long distance, independent of long distance usage. Sprint will cover its costs by charging customers \$2.75 per line for multi-line businesses (including the first line), \$0.53 for single-line businesses. This Presubscribed Line Charge will be billed monthly.

We want you to know that we appreciate your business, and we will continue to bring you telecommunications solutions with the highest standards of network reliability and customer service in the industry. If you have questions regarding the new charges, please call 1-800-823-4081.

*These charges will not be contributory to the minimum requirements or volume discounts of your particular long distance calling plan.

**This charge will appear in the Taxes and Surcharges section of your bill.

†This charge will appear in the Sprint Charges section of your bill. It does not apply to dedicated access lines, toll-free numbers, F0P and calls or paging.